

IN THE MATTER OF PACIFICORP DBA)	
ROCKY MOUNTAIN POWER’S)	CASE NO. PAC-E-15-09
APPLICATION TO MODIFY THE ENERGY)	
COST ADJUSTMENT MECHANISM AND)	NOTICE OF PROPOSED
INCREASE RATES)	SETTLEMENT STIPULATION
)	
)	NOTICE OF
)	MODIFIED PROCEDURE
)	
)	NOTICE OF SCHEDULE
)	
)	ORDER NO. 33403

NOTICE OF PROPOSED SETTLEMENT STIPULATION

YOU ARE HEREBY NOTIFIED that the following is a summary of the relevant terms of the Parties' Stipulation:

1. The Parties agree that Idaho retail revenues should increase by \$10.2 million (3.9%) effective January 1, 2016. The Parties further agree this increase will apply to all rate schedules as set forth in Exhibits 4 and 6 to the Company's Application and as set forth in the tariff sheets provided in Exhibit 7 and attached to the Stipulation.
2. The Parties agree that the \$10.2 million increase above current base rates using 2014 loads will consist of: (a) a \$3.2 million increase after removing Deer Creek depreciation/depletion expense from NPC currently approved in base rates, increasing the Idaho allocated base NPC to \$94.8 million with Idaho base energy at meter of 3,483,480 megawatt hours, or \$27.21 per megawatt-hour, (b) a \$6.5 million increase associated with a reduction of the revenue credit from the sale of renewable energy certificates ("RECs") which establishes Idaho's allocated RECs base at \$0.3 million, (c) a \$0.2 million change in tax affected production tax credits ("PTCs"), establishing an Idaho allocated base of \$6.9 million, and (d) \$0.3 million incremental increase in exchange for the Company agreeing not to file a general rate case with rates effective prior to January 1, 2018.
3. The Parties agree that base rates and base NPC should be updated effective January 1, 2017. The updated base NPC will be the amount reported in the 2015 annual results of operations report, after appropriate pro forma adjustments for weather and abnormal power supply expenses. For the rate spread and rate design of the update to base rates, the Company will use an equal cents per kWh approach. Rocky Mountain Power agrees to file an application for review by interested parties and for approval by the Commission no later than September 1, 2016, proposing the change to base rates, the NPC from the 2015 annual results of operations report, the associated rate change and spread to customer classes, and updated electric service schedules.
4. With the exception of the application to change base rates and base NPC as set forth in the previous paragraph, Rocky Mountain Power agrees that it will not file another application to increase base rates prior to June 1, 2017, with rates effective on or after January 1, 2018. The Parties agree that the base rates established by this Stipulation will, in conjunction with the ECAM, result in reasonable rates for the period January 1, 2016 through December 31, 2017 (the "Stay-out Period"). During the Stay-out Period the Parties will not request the establishment of new regulatory assets or liabilities, which have not been previously approved by the

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Commission, except under unique or unforeseen circumstances. Unforeseen circumstances include natural disasters or emergencies.

5. The Parties agree to modify the current ECAM for deferrals on and after January 1, 2016, to reflect that the ECAM will be measured on a dollar per megawatt-hour basis using load at the meter rather than the load at the generator and that base rate recovery will be calculated using annualized NPC embedded in base rates.
6. The Parties agree that 100% of the amortization expense associated with the unrecovered Deer Creek mine investment will be recovered through the ECAM as a separate line item, without application of the sharing band, until fully amortized. Starting January 1, 2015, the ECAM will separate the \$1.385 billion (\$87,555,188 Idaho Jurisdiction) base NPC into two separate amounts: (1) base system NPC of \$1,374,697,487 (\$86,901,906 Idaho jurisdiction), and (2) base system Deer Creek depreciation/depletion expense of \$10,302,513 (\$653,282 Idaho jurisdiction). This will allow a separate Deer Creek depreciation expense ECAM deferral of approximately \$0.6 million for unrecovered Deer Creek mining investment by subtracting \$653,282 in base Deer Creek depreciation/depletion expense from actual Deer Creek amortization of approximately \$1.3 million. Beginning January 1, 2016, neither base NPC nor base rates will include Deer Creek depreciation expense and the entire Idaho allocated Deer Creek amortization expense of approximately \$1.3 million will be deferred and recovered through the ECAM.
7. The Parties agree that PTCs will be tracked and trued-up in the ECAM, without application of the sharing band, beginning January 1, 2016. The base PTCs are set at a tax affected total Company level of \$115.7 million, \$6.9 million Idaho allocated.
8. The Parties agree that the Customer/Company sharing band in the ECAM will remain at 90/10% respectively for all ECAM components with the exception of: PTCs, amortization of the unrecovered Deer Creek mine investment, RECs and the Lake Side 2 resource adder, which are excluded from the sharing band.
9. The Parties agree that the load change adjustment rate ("LCAR") will be updated to reflect base loads (at sales) corresponding to the period used to set base rates. The 2016 LCAR is summarized in the following table:

LOAD CHANGE ADJUSTMENT RATE CALCULATION

Description	PAC-E-10-07 Current Amount	PAC-E-15-09 Update Amount
1. Production - Return on Investment	833,083,414	833,083,414
2. Production - Expense	2,173,162,370	2,173,162,370
3. Production - NPC Expenses Production Revenue	<u>(1,748,001,871)</u>	<u>(1,748,001,871)</u>
4. Requirement (Excluding NPC)	1,258,243,913	1,258,243,913
5. System Load	57,460,901	57,460,901
6. Production \$ per MWH	21.90	20.89
7. Energy % (Demand & Energy)	25%	25%
8.	<u>5.47</u>	<u>5.22</u>
9.		
10. Idaho Energy @ Input	3,691,675	3,786,584
11. Idaho Production RR	20,193,462	19,776,001
12. Idaho Energy @ Meter	<u>3,328,058</u>	<u>3,483,480</u>
13. LCAR @ Meter	6.07	5.68

10. The Parties agree that effective January 1, 2016, SO2 revenues and demand side management costs will no longer be tracked in the ECAM.
11. The Parties agree that the 2016 ECAM Deferral Period will include 13 months (December 1, 2015 to December 31, 2016), and that all subsequent ECAM filings will be based on calendar year deferrals.
12. The Parties agree that the Company's ECAM applications will be filed annually on April 1, with a rate effective date of June 1, beginning April 1, 2017.
13. The Company and Monsanto agree to extend the current terms of the existing Electric Service Agreement governing curtailment products and payments through December 31, 2017. An executed copy of the contract will be provided separately to the Commission for approval.

YOU ARE FURTHER NOTIFIED that the Stipulation acknowledges that the obligations of the Parties are subject to the Commission's approval of the terms and conditions of the Stipulation and, if any judicial review is sought, upon such approval being upheld on appeal by a court of competent jurisdiction.

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YOU ARE FURTHER NOTIFIED that the Stipulation and the Company's Application, Case No. PAC-E-15-09, have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices, 472 W. Washington Street, Boise, Idaho. The Stipulation and the Company's Application may also be viewed on the Commission's web site at www.puc.idaho.gov. Click on the "File Room" tab at the top of the page, scroll down to "Open Electric Cases," and then click on the case number as shown on the front of this document.

YOU ARE FURTHER NOTIFIED that the Commission is not bound by any settlement reached by the Parties. The Commission will independently review any proposed settlement to determine whether the settlement is just, fair and reasonable, and in the public interest, or otherwise in accordance with law or regulatory policy. The Commission may accept the settlement, reject the settlement, or state additional conditions under which the settlement will be accepted. IDAPA 31.01.01.274-.276.

NOTICE OF MODIFIED PROCEDURE

YOU ARE HEREBY NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01.201 through .204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or opposition with the Commission **no later than November 6, 2015**. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application shall be mailed to the Commission and Rocky Mountain at the addresses reflected below:

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Street Address for Express Mail:

472 W. Washington St.
Boise, ID 83702-5918

Ted Weston
Rocky Mountain Power
1407 West North Temple, Suite 330
Salt Lake City, UT 84116
E-Mail: ted.weston@pacificorp.com

Yvonne R. Hogle
Assistant General Counsel
1407 West North Temple, Suite 330
Salt Lake City, UT 84116
E-Mail: yvonne.hogle@pacificorp.com

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Click the "Case Comment or Question Form" under the "Consumers" tab, and complete the form using the case number as it appears on the front of this document. These comments must also be sent to the Company at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code. The Commission may enter any final Order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

NOTICE OF SCHEDULE

YOU ARE FURTHER NOTIFIED that the following schedule for the filing of testimony or comments, pursuant to Rules 231, 266 and 267 of the Commission's Rules of Procedure (IDAPA 31.01.01.231 and .266-267), regarding the proposed Stipulation is established:

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1. Deadline for filing testimony/comments in support of/opposition to the Proposed Settlement – **November 6, 2015**
2. Deadline for the Company to file rebuttal testimony (if necessary) – **November 13, 2015**

ORDER

IT IS HEREBY ORDERED that the Parties' Stipulation will be processed under Modified Procedure. Persons interested in submitting written testimony or comments regarding this case or protesting the use of Modified Procedure should do so no later than **November 6, 2015**.

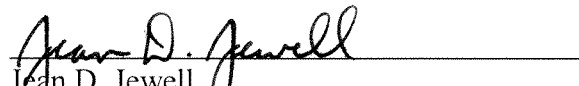
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this **27th** day of October 2015.


PAUL KJELLANDER, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


KRISTINE RAPER, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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